



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 11, 1998

H.R. 2886

Granite Watershed Enhancement and Protection Act of 1998

As ordered reported by the House Committee on Resources on April 29, 1998

CBO estimates that enacting H.R. 2886 would have no significant impact on the federal budget. Because the bill would increase direct spending, pay-as-you-go procedures would apply, but we estimate the increase would total only about \$200,000. This bill would impose no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 and would impose no costs on state, local, or tribal governments. The state of California and local governments in the state might choose to share in the cost of this project, but their involvement would be voluntary.

H.R. 2886 would authorize the Secretary of Agriculture to enter into a five-year contract with a single private contractor to perform multiple management activities on federal land in the Stanislaus National Forest in California and to fund that contract using receipts from forest products removed by the contractor, as well as funds provided by the state of California and appropriated funds.

The U.S. Forest Service is planning to conduct the Granite Watershed Pilot Project on an area known as the Granite Burn over the next five years. Work to be performed under the contract will include timber stand thinning, brush removal, road closures and maintenance, and other land management work. According to the Forest Service, outlays to implement the project will total about \$5 million over the 1999-2003 period. The agency plans to conduct the project, including the timber stand thinning, under current law using appropriated funds. (The agency has applied for a grant from the CALFED Bay-Delta Program, a consortium of federal and state agencies, to partially fund the project, but that grant may or may not be awarded.)

Enacting H.R. 2886 would allow the agency to pay for a portion of the project using offsetting receipts generated from the project's timber stand thinning. The Forest Service expects the thinning to generate offsetting receipts of approximately \$200,000 in fiscal year 1999. Based on information from the Forest service, CBO estimates that enacting the bill would increase direct spending outlays by \$200,000 in fiscal year 1999. Because the bill

would allow the Forest Service to use the receipts to pay for the project, enacting the bill could either decrease discretionary outlays by about \$200,000 or allow the agency to fund additional work, depending on how the Forest Service implements the project. We estimate that other provisions in the bill would have no net effect on the federal budget.

The CBO staff contacts for this estimate are Victoria V. Heid (for federal costs), and Marjorie Miller (for the state and local impact). This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.